

APPEARED
ON PAGE A1

WASHINGTON POST
3 December 1986

Reagan Seeks Special Counsel, Names Carlucci Security Aide

By David Hoffman and Lou Cannon
Washington Post Staff Writers

President Reagan yesterday called for the appointment of an independent counsel to investigate charges that the administration illegally diverted money from the Iran weapons sales to the Nicaraguan rebels, and he appointed Frank C. Carlucci, a former deputy defense secretary and deputy CIA director, as his fifth national security adviser.

"If illegal acts were undertaken, those who did so will be brought to justice," Reagan said in a four-minute nationally televised address from the Oval Office, his fourth attempt in as many weeks to respond publicly to the intensifying political crisis.

Attorney General Edwin Meese III announced that the Justice Department investigation had turned up enough evidence to warrant an application to the U.S. Court of Appeals here for an independent counsel.

Reagan's announcement brought sighs of relief from congressional Republicans who have grown increasingly concerned about the controversy, but leaders in both parties said their own independent inquiries will move ahead regardless of the special counsel or White House personnel moves. Reagan endorsed the idea of a consolidated, Watergate-style congressional investigation. The Republican leaders told Reagan they could not defend him unless they knew the full story, sources said, and they are returning to the White House for another meeting with the president today.

The president's brief speech yesterday followed a flurry of debate among senior White House officials about what he should say. Informed administration sources said that aides loyal to the embattled chief of staff, Donald T. Regan, sought to include language in the president's address to the effect that Regan did not have any prior knowledge that money was diverted to the Nicaraguan rebels. However, the language was not included in the final speech.

The choice of Carlucci also followed a struggle within the administration in which Reagan was apparently isolated. As recently as Monday, the chief of staff told aides Carlucci was not a serious candidate for the post. Carlucci was backed by CIA Director William J. Casey, Defense Secretary Caspar W. Weinberger and Secretary of State George P. Shultz, sources said.

The sources said it was the first time in nearly two years that the president made an important personnel choice that was not ad-

vocated by Regan. But sources close to Regan claimed, after the decision, that Carlucci was acceptable to the chief of staff.

Reagan indicated to Republican congressional leaders yesterday that he intends to resist demands that he resign in the aftermath of disclosures that \$10 million to \$30 million from Iran weapons sales was funneled to the contras through Swiss bank accounts. Reagan told the leaders that the need to maintain continuity in the president's program requires him to remain on the job.

Sen. Alan K. Simpson (R-Wyo.), the outgoing majority leader, said after seeing the

chief of staff: "I don't see how you can possibly leave the president with a coming session, a State of the Union address, budget considerations, Gramm-Rudman-Hollings . . . and other things. You can't leave him alone to do that. And it's very important, I think, for stability, and I think you're going to see everything come up, and that's the key." House Minority leader Robert H. Michel (R-Ill.) quoted Regan as saying there would be a "delay" in Reagan's program if he left.

However, another influential Republican, outgoing Senate Foreign Relations chairman Richard G. Lugar (R-Ind.), called for Regan and Casey to resign.

Sources inside and outside the administration said Reagan had come to the conclusion over the weekend that he needed to call for an independent counsel investigation, and on Monday he said he would "welcome" one if the Justice Department found it warranted. After learning that Meese was prepared to seek an independent counsel, Reagan said he "immediately urged" Meese on Tuesday to do so.

Reagan noted his own special review board's inquiry into the functions of the National Security Council and said it would, along with the independent counsel, provide "a dual system for assuring a thorough review of all aspects of this matter."

He did not mention Congress as part of this "dual system," but added in the speech that "I recognize fully the interest of Congress" in the secret operations. "We will cooperate fully with these inquiries," he said. "I have already taken the unprecedented step of permitting two of my former national security advisers to testify" before Congress.

STAT

Reagan was referring to Vice Adm. John M. Poindexter, who resigned last week, and his predecessor, Robert C. McFarlane, who made a secret trip to Tehran on a mission delivering weapons last May. McFarlane has testified extensively before the Senate Intelligence Committee this week, but Poindexter yesterday reportedly refused to answer questions.

Another key figure in the clandestine operations, former National Security Council staff member Lt. Col. Oliver L. North, also refused to answer questions, invoking his Fifth Amendment privilege against self-incrimination before the Senate panel.

The president said congressional inquiries "should continue" but asserted that Congress could conduct the probe "without disrupting the orderly conduct of a vital part of this nation's government." Reagan said he supported the idea of outgoing Senate Majority leader Robert J. Dole (R-Kan.) that the congressional probe be consolidated into one bipartisan panel.

"If the investigative processes now set in motion are given an opportunity to work, all the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public," Reagan said. "Then the American people, you, will be the final arbiters of this controversy."

A source present at the meeting between Reagan and the congressional leaders said the lawmakers sought to impress on him the serious nature of the controversy.

"Gradually, over time, the president is acquiring a realization of how serious his problem is," said the source. "The president is angry at the whole situation, he's angry at the press and the Republicans in Congress for not defending him. We tried to convey to him that there was a risk in defending him unless we knew the whole story."

The president's actions were hailed by Democrats as well as Republicans on Capitol Hill, although leaders continued to press ahead with plans for one or more congressional probes of the affair, and some lawmakers of both parties called for further action by the administration.

"The president has taken some very positive steps. He could take more," including "cleaning house around him and saying to the American people he recognizes, even with the benefit of hindsight, he has

made a mistake," said Senate Democratic leader Robert C. Byrd (D-W.Va.).

House Majority Leader James C. Wright Jr. (D-Tex.) said Reagan made "two steps in the right direction" by calling for appointment of a special counsel and naming Carlucci as national security adviser. But he said there are unanswered questions about violation of laws, including those involving arms sales and aid to the Nicaraguan contras, that still need to be addressed by the administration.

Dole said, "He's come a long way Now it's up to Congress to get a mechanism and go to work, not wait till next January and drag this all into next spring and summer."

Several Democrats and Republicans said they anticipate a further shake-up of top-level personnel within the administration. "I suspect that will be forced on the president . . . by public opinion," said Sen. J. James Exon (D-Neb.).

Congressional leaders remained at odds over how to proceed with congressional inquiries, but it became increasingly apparent that a Watergate-style select committee could be named in the Senate if not the House, or by the two houses acting jointly.

Wright said he had "no particular prejudice" against consolidating House committee probes under the umbrella of a select committee but wanted to confer with other House leaders before coming to a decision. Byrd, who will take over as majority leader when Congress reconvenes next month, said he favored creation of a Senate investigative committee but did not rule out the joint House-Senate probe favored by Dole.

Byrd said he hoped to consult with Dole and Wright on the issue shortly and plans to introduce legislation to create a Senate panel as a first order of business when Congress convenes Jan. 6.

Byrd said he envisioned a bipartisan committee of no more than 11 members and has already recruited a large number of volunteers to serve on it. Asked whether he thought this response indicates a Democratic zeal to go after the Reagan administration, Byrd said no, adding that Dole also is getting a "plethora" of volunteers from the Republican side of the aisle.

Also yesterday, Democrats on the Senate Judiciary Committee said administration and White

House officials may have broken at least six criminal laws in the clandestine operations, and urged the appointment of the independent counsel.

Staff writer Helen Dewar contributed to this report.
